

Session 11-06 A Regular Meeting of the Lease Committee was called to order at 3:05 pm on July 14, 2011 by Chair Shelly Erickson at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS ERICKSON, HAWKINS, ABBOUD, MAURAS,
AND ZIMMERMAN

ABSENT: COMMITTEE MEMBER YAGER

STAFF: DEPUTY CITY CLERK I RENEE KRAUSE

APPROVAL OF THE AGENDA

Chair Erickson requested a motion to approve the agenda.

ZIMMERMAN/HAWKINS – MOVED TO APPROVE THE AGENDA.

The agenda was approved by consensus of the Committee.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA *(3 Minute Time Limit)*

There was no public present.

APPROVAL OF THE MINUTES

- A. Meeting Minutes for Regular Meeting April 14, 2011
- B. Meeting Minutes for Special Meeting May 17, 2011
- C. Meeting Minutes for Special Meeting June 9, 2011

ABBOUD/ZIMMERMAN – MOVED TO APPROVE ALL MINUTES AS PRESENTED.

There was no discussion.

The Minutes for April 14, 2011; May 17, 2011 and June 9, 2011 were approved by Consensus of the Committee.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS

- A. Staff Report – Updates and Status Report

Deputy City Clerk Krause gave a report on the status of the proposals received for the last Request for Proposals issued. She reported that the City Manager has scheduled a meeting to flesh out the proposals received as directed by the Committee at the Special Meeting in June. These are to be on the council agenda for August. He will be meeting with the Kenai Peninsula Borough School District on the return of the Homer Educational Recreational Center to them.

A Resolution will be on the July 25, 2011 agenda for Council approval sponsored by Council member Lewis to allow the Boys and Girls Club to extend their lease through the end of this year since part of the City Administration Offices and the Mayor are now working out of that location.

Question on the status of a recommendation for the Pier One Lot City Manager Wrede was directed to come up with a plan for this parcel working with the City Planner and the Harbormaster. He has not been able to address this due to all the varied schedules and hopes to work on this as soon as possible. Mr. Hawkins added comment on the direction that was given from City Council regarding the lot that Pier One is on and that the plan was to address boat, Pier One, industrial and parks and recreation.

There was no further discussion.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

- A. Additional Guidelines for Reviewing Proposals Submitted by Non-Profit Organizations for Lease on City Owned Property
 - 1. Copy of Homer Foundation Grant Guidelines for Non-Profits

Ms. Felde was unable to attend the meeting but a report was submitted for the Committee to review. Ms. Krause inquired if there were any comments or questions regarding the report submitted by staff.

A brief summary on the existing Lease Policy as it would apply to a proposal submitted from a non-profit was provided by staff.

Chair Erickson gave summary as to why this was brought back before the Committee and she opined that this was an issue that needed to be addressed before the Committee has to evaluate a proposal submitted by a non-profit.

She noted that the EDC spent considerable time on this issue. They must consider what is in the City's best interest when reviewing these proposals. The EDC has also recommended comparing the business as a for profit business versus non-profit business and to be part of the criteria or scoring of the proposals. Additional recommendations for non-profits from the EDC included the following:

- Apply a head tax such as \$1.00 per person
- Structure lease prices similar to how the State charges which is based on a percentage of the total income for the non-profit.
- Who pays the property taxes? Is the City was absorbing those costs too.
- Financials should be reviewed closely because some non-profits take in considerable amounts and that should be considered when thinking about giving them a \$1.00 per year lease.

There are non-profit leases that will be coming before the committee and she would like to discuss a way to evaluate these before it becomes an emotional issue as with all non-profits there is an emotional response. She stated that she requested staff to include the information that the Homer Foundation uses to qualify the non-profits.

Mrs. Mauras responded to Chair Erickson that non-profit do not necessarily have to file a tax return and the difference in rent should be considered a donation to the non-profit and reported as such by the City to the non-profit. It was questioned whether this was being done currently. She noted that this would be proper reporting, and would be required as part of their return to the IRS. This would be considered an "in-kind" donation.

A brief discussion on whether the non-profits pay property taxes on leased property and whether the city pays the property taxes or not; decisions to lease should be based on the area; no leases should be extended for \$1.00 per year; use of the existing guidelines; how is the committee being a good steward of city owned land; adding to the Lease Policy specific guidelines and criteria for evaluating a non-profit; does the Committee have the backbone to say no; a precedence has been set on giving non-profits a

long term lease for \$1.00 per year; the question to ask is what can the non-profit do so the City is not losing all the profits they could possibly have otherwise; charge a percentage of sales for the year or charge \$1-2.00 per ticket would allow some type of return.

Discussions continued on trying to think outside the box, outlining policies that would allow non-emotional evaluation of a proposal and offer suggestions on This could be based on the amount of revenue, what activities that are generated on the side too; comparisons were done on the volume of business and residual revenue that is created; payment creates an overall sense of ownership and responsibility; examples given were the Pier One Theater, Shorebird Festival, the Pratt Museum; relationships and support with existing businesses and the potential to bring more relationships. There was further discussion on the property tax issues.

Mr. Hawkins read back the following points that the committee would like to see addressed in proposals submitted from non-profit entities:

1. Activities days on site
2. Persons Served – per year or month
3. Revenues to the City from the non-profit whether via Head Tax, Rent or percentage of profits
4. Indirect Commerce – How will this affect the City
5. Partnerships with other non-profits or businesses.
6. How many volunteers – such as actors.
7. Profit vs Non-Profit - Benefits versus revenue loss to the City such as property taxes.

Further discussion on getting past the political and emotional side of reviewing and approving leases for less than the value it should be leased. There was concern how and where they should go next. Ms. Krause added comments received by the City Manager regarding tweaks to the policy and recommendations to council.

Chair Erickson inquired if the Committee would like to make recommendations, drop it or bring it back at the next meeting.

Mr. Hawkins would like to have this on the agenda for the next meeting to discuss recommendations adding a chapter to address non-profits.

Mrs. Mauras left the meeting at 3:36 p.m. She returned at 3:47 p.m.

She commented on the results of her search regarding payment of property taxes by non-profits.

The committee agreed by consensus to put this on the October agenda.

There was no further discussion.

NEW BUSINESS

A. 2012 – 2017 Capital Improvement Plan

The committee agreed by consensus that they prefer not to offer input since two of the members were representing different commissions and have already been part of making recommendations for the CIP in that capacity; and three members were city staff. They did not feel comfortable in offering recommendations to council since they were employees. It was determined that this committee did not need to be part of this process.

There was no further discussion.

B. Scheduling Special Meeting to Review Proposals Received

A brief discussion was held on whether a special meeting was needed to review the proposals received. It was noted by staff that there was no urgency in setting a special meeting unless the committee felt so inclined. It was determined that special meeting was unnecessary to review proposals received and that this could be accomplished at the regular quarterly meeting in October. It was determined this would allow staff ample time to perform a review and evaluation on the proposals received.

There was no further discussion.

INFORMATIONAL MATERIALS

- A. Ordinance 11-25, Amending Homer City Code 18.08.120, Sublease, Regarding the Charging of Additional Rent for Subleases of City Property
- B. Resolution 11-041, Approving and Adopting a New Amended Standard Ground Lease Document and Authorizing the Amendment of the City of Homer Property Management Policy and Procedures Manual to Conform to the Amended Standard Ground Lease Document.
- C. Amended Ground Lease and Security Agreement
- D. Lease Expiration Updated as of 5/23/11

COMMENTS OF THE AUDIENCE

There was no audience present.

COMMENTS OF THE CITY STAFF

There were no comments from Staff.

COMMENTS OF THE COUNCILMEMBER *(If one is appointed)*

There were no councilmembers present.

COMMENTS OF THE CHAIR

Chair Erickson thanked everyone and announced that she had submitted her application for the vacancy on the Planning Commission and if appointed she would be resigning from the EDC which she would be vacating her seat on this committee.

COMMENTS OF THE COMMITTEE

There were no comments from the committee members.

ADJOURN

There being no further business before the Lease Committee, Chair Erickson adjourned the meeting at 3:53 p.m. The next regular Lease Committee meeting is scheduled for 3:00 p.m. October 13, 2011 at City Hall, Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved:_____